

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	
	:	
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**SUPPLEMENTAL DISCLOSURE AFFIDAVIT OF  
ERNST & YOUNG LLP AS AUDITOR AND TAX SERVICES  
PROVIDER FOR THE DEBTORS AND DEBTORS IN POSSESSION  
AND STATEMENT PURSUANT TO FEDERAL RULE OF BANKRUPTCY  
PROCEDURE 2014(A) AND SECTION 327(A) OF THE BANKRUPTCY CODE**

Pursuant to Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), William Schlich, being duly sworn, deposes and says:

1. I am a partner of Ernst & Young LLP (“E&Y LLP”). I provide this Supplemental Disclosure Affidavit on behalf of E&Y LLP as audit and tax services providers for Lehman Brothers Holdings, Inc. and its affiliated debtors in the above-captioned cases, as debtors and debtors in possession herein (collectively, the “Debtors”), in order to supplement the disclosures made in (a) my prior Affidavit (the “Original Affidavit”) that was filed on or about December 31, 2008 in support of and attached as Exhibit 1 to the Debtors’ Application Pursuant to Sections 327(a) and 328 of the Bankruptcy Code for an Order Authorizing the Retention and Employment of Ernst & Young LLP as Auditors and Tax Service Provider Nunc Pro Tunc to the Commencement Date [Docket # 2423] (the “Application”) and (b) my supplemental disclosure

affidavits that I have provided subsequent to the Original Affidavit and that have been filed with this Court (the "Prior Supplemental Disclosure Affidavits"). Unless otherwise defined, all capitalized terms used herein shall have the meanings given to them in the Application or the Original Affidavit, as applicable.

2. The facts set forth in this affidavit are based upon my personal knowledge, upon information and belief, and upon client matter records kept in the ordinary course of business that were reviewed by me or other employees of E&Y LLP under my supervision and direction.

3. E&Y LLP is currently a party or participant in certain litigation matters involving parties-in-interest in these cases. In addition to the case information and the parties-in-interest involved in these matters that were previously disclosed to this Court in the Original Affidavit and in the Prior Supplemental Disclosure Affidavits:

a. E&Y LLP is a co-defendant with, among others, Bank of America Securities, LLC, Citigroup Global Markets, Inc., Merrill Lynch Pierce Fenner & Smith, Inc., Morgan Stanley & Co., Inc., UBS Securities LLC, Wells Fargo Securities, LLC, Wachovia Capital Markets LLC, Piper Jaffray & Co., f/k/a U.S. Bancorp Piper Jaffray Inc., Citigroup Global Markets Inc. f/k/a Salomon Smith Barney Inc., Calyon Securities (USA) Inc. f/k/a Credit Lyonnais Securities (USA) Inc., ABN AMRO Inc., JP Morgan Securities Inc., HSBC Securities (USA) Inc., BNY Mellon Capital Markets LLC f/k/a Mellon Financial Markets LLC, Calyon Securities USA Inc., Citigroup Inc., and various officers, directors and/or insiders of the Debtors in a litigation pending in the United States District Court for the Southern District of New York (Civ. No. 09-2363) in which American National Insurance Company is a plaintiff, which lawsuit

relates to the collapse of Lehman Brothers Holdings Inc. and to E&Y LLP's role as prepetition auditor for Lehman Brothers Holdings Inc.

b. E&Y LLP is a co-defendant with, among others, ABN Amro Holding N.V., Banc of America Securities LLC, BNP Paribas S.A., BNY Mellon Capital Markets, LLC, Calyon Securities Inc., CIBC World Markets Corp, Citigroup Global Markets Inc., Commerzbank Capital Markets Corp., Fidelity Capital Markets Services, HSBC Securities (USA) Inc., Mellon Financial Markets LLC, Merrill Lynch, Pierce Fenner & Smith Inc., Mizuho Securities USA, Inc., Morgan Stanley & Co., Inc., Societe Generale Corporate and Investment Banking, TD Securities (USA) LLC, UBS Investment Bank, UBS Securities LLC, Wachovia Capital Finance, Wachovia Securities, Wells Fargo Securities, LLC, and various officers, directors and/or insiders of the Debtors in a litigation pending in the United States District Court for the Southern District of New York (Civ. No. 08-5523) in which Government of Guam Retirement Fund, Northern Ireland Local Government Officers' Superannuation Committee, City of Edinburgh Council as Administering Authority of the Lothian Pension Fund, and Operating Engineers Local 3 Trust Fund, among others, are plaintiffs, and which lawsuit relates to the collapse of Lehman Brothers Holdings Inc. On April 23, 2010, a Third Amended Class Action Complaint alleging violations of securities laws was filed in the securities fraud class action suit styled In re Lehman Brothers Equity/Debt Securities Litigation (Civ. No. 08-5523). The Third Amended Class Action Complaint adds E&Y LLP as a defendant in relation to E&Y LLP's role as prepetition auditor for Lehman Brothers Holdings Inc. This class action suit and several related non-class action lawsuits relate to the collapse of Lehman Brothers Holdings

Inc. and E&Y LLP's role as prepetition auditor for Lehman Brothers Holdings Inc., and allege that E&Y LLP, as well as various individuals and financial institutions, are liable under U.S. federal securities laws and/or various state laws for alleged misrepresentations in Lehman's registration statements and financial reports.

c. E&Y LLP is a defendant in a suit filed by the Attorney General of the State of New York styled as The People of the State of New York by Andrew M. Cuomo, Attorney General of the State of New York v. Ernst & Young LLP, currently pending in the United States District Court for the Southern District of New York (Case No. 11-384), which relates to the collapse of Lehman Brothers Holdings Inc. and E&Y LLP's role as prepetition auditor for Lehman Brothers Holdings Inc., and alleges that E&Y LLP, as well as various individuals and financial institutions, are liable under U.S. federal securities laws and/or various state laws for alleged misrepresentations in Lehman's registration statements and financial reports.

d. E&Y LLP is a co-defendant with, among others, Bank of America Securities, LLC, BNY Capital Markets, Inc. and various officers, directors and/or insiders of the Debtors in a litigation pending in the United States District Court for the Southern District of New York (Civ. No. 09-3478), which lawsuit relates to the collapse of Lehman Brothers Holdings Inc. and to E&Y LLP's role as prepetition auditor for Lehman Brothers Holdings Inc.

e. E&Y LLP is a co-defendant with, among others, Citigroup Global Markets, Inc., Wells Fargo Securities, LLC, Mellon Financial Markets LLC and various officers, directors and/or insiders of the Debtors in a litigation pending in the United States District Court

for the Southern District of New York (Civ. No. 09-1946), which lawsuit relates to the collapse of Lehman Brothers Holdings Inc. and to E&Y LLP's role as prepetition auditor for Lehman Brothers Holdings Inc.

f. E&Y LLP is a co-defendant with, among others, Bank of America Securities, LLC, Citigroup Global Markets, Inc., Wells Fargo Securities, LLC, BNY Capital Markets, Inc., Commerzbank Capital Markets Corp., and various officers, directors and/or insiders of the Debtors in a litigation pending in the United States District Court for the Southern District of New York (Civ. No. 09-6041), which lawsuit relates to the collapse of Lehman Brothers Holdings Inc. and to E&Y LLP's role as prepetition auditor for Lehman Brothers Holdings Inc.

g. E&Y LLP is a co-defendant with, among others, various officers, directors and/or insiders of the Debtors in various litigations pending in the United States District Court for the Southern District of New York (Civ. Nos. 10-2926, 09-3474, 09-3475, 09-3467 (in which the City of Long Beach is a plaintiff), 09-3476, 09-6652, 09-3468, 09-1944 (in which Lou Solton, Monterey County Treasurer, on behalf of the Monterey County Investment Pool is a plaintiff), 09-6040, 09-7877 (in which the County of Alameda is a plaintiff), 09-7878, 09-1238, 09-1239, 10-5201, 10-5617, 10-6185 and 10-6077), which lawsuits all relate to E&Y LLP's role as prepetition auditor for Lehman Brothers Holdings Inc. and to the collapse of Lehman Brothers Holdings Inc.

h. Lehman Brothers Savings Plan and Fidelity Management Trust Company are co-defendants with E&Y LLP in litigation pending in the United States District Court for the

Southern District of New York (Civ. No. 10-8631), which lawsuit relates to the collapse of Lehman Brothers Holdings Inc. and to E&Y LLP's role as prepetition auditor for Lehman Brothers Holdings Inc.

i. All of the cases described herein that are pending in the United States District Court for the Southern District of New York are part of the consolidated multidistrict proceedings currently pending in the United States District Court for the Southern District of New York as Civ. No. 09 MD 2017 (LAK) which proceedings relate to E&Y LLP's role as prepetition auditor for Lehman Brothers Holdings Inc. and the collapse of Lehman Brothers Holdings Inc.

j. Lehman Brothers First Trust Income Opportunity Fund Inc.; Lehman Brothers Alpha Funds PLC for Lehman Brothers U.S. High Yield Fund; Lehman Brothers High Yield Bond Fund LLC; Neuberger Berman Advisers Management Trust for Lehman Brothers High Income Bond Fund; Lehman Brothers Income Funds for Lehman Brothers High Income Bond Fund; Lehman Brothers Income Funds for Lehman Brothers Strategic Income Fund; Neuberger Berman Income Opportunity Fund Inc.; Automobile Club Insurance Association; California Public Employees' Retirement System; Credit Suisse High Yield Fund; Credit Suisse Syndicated Loan Fund; GM Canada Foreign Trust; GMAM Investment Funds Trust; Institutional Benchmarks Series (Master Feeder) Limited in respect of Alcor Series; Los Angeles City Employees' Retirement System; Motors Insurance Corporation; New York Life Insurance and Annuity Corporation; New York Life Insurance Co.; and Plumbers & Pipefitters National Pension Fund are plaintiffs against E&Y LLP in a case pending in the Superior Court for the

State of California, Los Angeles County as docket number 08-03491 (BC 389785)) in which Wachovia Capital Markets LLC d/b/a Wachovia Securities is a co-defendant, and which lawsuit relates to E&Y LLP's role as auditor for Le Nature, Inc.

4. Despite E&Y LLP's efforts to identify and disclose connections with parties-in-interest in these cases, because the Debtors are a large enterprise with numerous creditors and other relationships, E&Y LLP is unable to state with certainty that every client representation or other connection of E&Y LLP with parties-in-interest in these cases has been disclosed herein, in the Original Affidavit or in the Prior Supplemental Disclosure Affidavits. In this regard, if E&Y LLP discovers additional information that requires disclosure, E&Y LLP will file further supplemental disclosures with the Court.

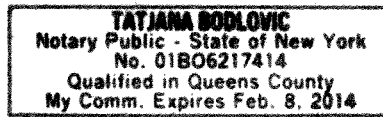
5. To the best of my knowledge, information and belief formed after reasonable inquiry, E&Y LLP does not hold nor represent any interest materially adverse to the Debtors in the matters for which E&Y LLP has been retained. The proposed employment of E&Y LLP is not prohibited by or improper under Bankruptcy Rule 5002. Accordingly, I believe that E&Y LLP is eligible for retention by the Debtors under Title 11 of the United States Code (the "Bankruptcy Code").

  
William Schlich

Dated: March 7, 2011.

Sworn to and subscribed before me this 7 day of MARCH, 2011.

  
Notary Public



My Commission Expires: \_\_\_\_\_